

Publix Supermarkets – Service as a Founding Principle

Best Company for 25 Years



Publix Supermarkets, founded in 1930, has been recognized as one of the 100 Best Companies to Work For since 1985. It is one of only 5 companies to have been in both books of that name (1985 and 1993), and on every list published in Fortune magazine since 1998. This is an extraordinary accomplishment. How have they done it? Every year some things change - new benefits are added, more stores are opened and more people are hired. Yet what stays the same is the founding principle of 'pleasing the customer', along with the goal of 'never knowingly disappointing the customer'.

These two statements, with slight variations, have been repeated by many others with similar aspirations of trying to build a successful retail business, yet there are few peers to Publix. What founder George Jenkins was able to do, that secured the success of Publix at the start and into the future, is put his belief in customer service as the engine that would drive success into the practices of all Publix associates (not employees). He began by holding himself to the high standards he expected of others, creating a culture of service not only to the customer who came into the store to shop, but to every associate as a customer of another associate. Everyone is serving others and is expected to do so with respect and caring.

To insure that this is able to happen, Jenkins and other leaders expressed their belief that people want to help, and, if given the resources to do so will provide extraordinary service. Publix makes a point of promoting from within to develop leaders who truly understand the Publix culture and values when they arrive at a leadership position. This also insures that leaders are well known within the company, are deeply attached to the community of Publix associates, and given their success as leaders through their ability to move up, understand the responsibility of leadership at Publix. The current CEO and President, both recently promoted to their positions, each started out in Publix as front-service clerks over 25 years ago.

Publix Supermarkets	
Web address.....	www.publix.com
Corporate Headquarters.....	Lakeland, FL
Year founded.....	1930
CEO	Ed Crenshaw
Industry.....	Retail-Grocery
Total Worldwide revenues.....	\$23,000,000,000
US Employees (FT, PT, Temp)	141,677
Job Applications in past year	493,400

All In The Family

Publix is a very large company – over 140,000 associates, close to 500,000 people trying to get a job there last year alone, over 900 stores and growing in 5 states, along with 12 distribution centers and it's own manufacturing facilities. Smooth and efficient operations require extensive coordination across many sites, with the potential for things to become regimented if not done in the right spirit. This is one of the places where Publix historical commitment to service quality and servant leadership is put to the test.

The Jenkins family in particular is strongly tied to the history of Publix, yet everyone at Publix is considered to be a member of the family. In the Associate Handbook, provided to every new associate, George Jenkins is quoted as saying, "If you want people to respect you and your company, you must show respect for them."

Respect is shown to every associate in a number of ways, including that all are welcomed into the family when they start and are provided with benefits that are quite extraordinary, especially in the retail grocery industry. In return, every associate is asked to commit to the following:

- Always provide friendly helpful customer service
- Keep stores and facilities clean and neat
- Recognize highest level of legal, ethical and social standards, and
- Be totally fair and honest with everyone

Asking people to commit to the above, and actually having that happen can be two different things. Publix takes their hiring responsibility quite seriously, using a retail job application process that includes an assessment of a person's natural tendency to provide great service to others. Managers are provided with a variety of interviewing tools to help them find those people who will best fit in to Publix service culture. Most store managers have come up through

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the associate ranks, have been steeped in the Publix culture for years, and know the qualities they are looking for to insure continued success.

Training is offered to hiring managers to insure their ability to attract and hire a diverse group of associates, so that the future associate population reflects the diversity of the communities where Publix has stores. The one common criterion for all people is the commitment to serve others, and that quality knows no demographic boundaries. Understanding this simple principle was one of George Jenkins secrets from the start. Everyone can provide great service if you give them the opportunity and resources to do so.

“ *While our large family offers plenty of room for differences, all of our family members must have one thing in common — a servant’s heart. As such, we emphasize our service culture at every opportunity, in marketing materials, during interviews and on the careers section of our Web site.* ”

Everyone is an owner

Publix is the largest company in the U.S. that is 50% or more employee-owned through its ESOP and ESPP. The ESOP is called the PROFIT Plan and associates are automatically enrolled after one year of service and 1000 hours of work. Each year, the company contributes to the PROFIT plan based on the approval of the Board of Directors. For 2007 the PROFIT plan contribution was 9.71% of eligible wages, meaning that every employee received one free share of stock for every \$213.08 of wages earned.

Many employees site their ownership of the company as part of the reason for its success, and also confirm in their comments the benefits of employee ownership. While associates are working for the Publix corporation, they also believe that they are working for themselves. This provides an added incentive to do well and an added sense of responsibility to do what is best for oneself and other members of the Publix family.

During difficult economic times ownership of the company might be seen to carry risks, given that much of the value of people’s 401k accounts is tied up in company stock. Yet Publix is continuing to grow, although at a slower pace than originally planned. Leaders are communicating frequently with all associates about how the economic downturn is affecting sales growth, and they are also sharing news about new store openings that are still being planned.

“ *We are owners of our company. This makes understanding our business objectives and implementing decisions very important on a personal level. In addition, business owners don’t job hop and this drives longer-term decisions.* ”

“ *Strong sense of ownership in the company. Regardless of job, title, we are all stockholders and never discouraged from giving our opinions and ideas.* ”

“ *It is employee owned and we all share in the profits. We have quarterly bonuses that we are able to affect by the quality of work we do.* ”

Community Service

Community service at Publix is seen as a natural outgrowth of being a member of the Publix family, and being a responsible owner. Publix supports many national charities such as March of Dimes and United Way, and also operates a Matching Gift program with a focus on supporting educational opportunities. The reasoning behind the focus on education is tied back to founder George Jenkins who strongly believed in the power of education and the pursuit of knowledge to improve people’s lives.

Associates’ donations to a public or accredited private school (K-12, college or university) of up to \$10,000 over two years, will be matched by a donation from Publix Super Markets Charities. The associate can designate how he or she wants the donation to be used, and Publix will donate to the same program.

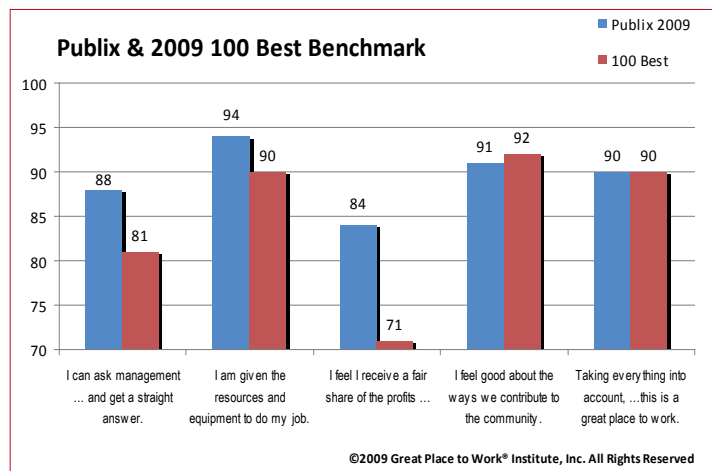
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This linking of an individual's gift and their personal interest to the values of the founder, along with the additional support from the business, is a powerful way of reinforcing people's membership in the Publix family and the values that drive the company's operations. This is not a cynical ploy, or attempt to have people 'feel' like owners and member of the family. They are owners, and the family has been extended beyond the immediate Jenkins clan to include everyone who works at Publix.

“ My company is very involved in community service. We raised over \$10,000 for the March of Dimes in our area. We also contribute to several other charities throughout the year. ”

“ Publix has no unusual aspects only unique in the environment it creates for employees. Everyone helps with customer service. If a cashier needs a price check that a customer requests and the item is unrecognized in the system, a co-worker or front service clerk is always there to assist. The family environment Publix has surrounded its employees with is honest and true. ”



Something Old, Something New, Something Green

Like many grocery stores, Publix embraced the use of plastic bags when they were first introduced about thirty years ago. They were seen as a less expensive alternative to paper bags. Unfortunately they also became unsightly reminders of wasteful practices as they showed up along roadsides, caught in trees and stuffed in landfill. Two commitments at Publix lead this retailer to make an active switch away from plastic bags to the use of reusable cloth bags.

First, Publix has a long-standing commitment to eliminate waste in its operations. Generally this meant waste in the stores, inefficiencies in business practices, and waste that was seen as costing the company money. Yet over time this commitment to eliminate waste was broadened to include engaging in a practice that resulted in waste, and since plastic bags are generally not recyclable, they stay around for a long time creating a lot of waste. This was in direct contradiction to a commitment of Publix.

Second, Publix has a long-standing commitment to the communities in which it operates to be good community members and corporate citizens. When customers began to request alternatives to plastic bags, community members began to complain about plastic bags floating around their cities and towns, and the social cost of continuing to use plastic all mounted, plastic bag use became contradictory to being a good corporate citizen.

Publix began offering cloth bags for use by customers some years ago and recently stepped up its efforts to encourage greater use of cloth bags with the production of an inexpensive, washable, cloth bag available for 99¢ at its stores. This is part of a larger set of efforts initiated over the past few years to eliminate waste by being more energy efficient, recycling more, and involving customers in efforts to be more earth friendly. While for many these practices are seen as new, at Publix, their adoption goes back to the basic founding principles of George Jenkins – provide great service to the customer.

“ Ever since I have been working for Publix supermarket I noticed that we participate in a lot of events that help the environment. I find that the United Way donation program is a good way to help others who really need help. Employees at Publix supermarkets always go out of their way to help and solve customers' problems, as a result, the customer returns to our store. ”

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When Publix was founded the customer and the community were often one and the same. The first grocery store was itself a community institution and as often happens in small towns a central aspect of community life. With over 900 stores it could be easy to forget the connection between customers and community membership, the central role that retail operations can play in the life of a community. Yet at Publix, the connection to the founder's vision has remained strong and is shared among associates. New ideas and practices are introduced yet they all rest on the foundation of service to the customer. It is this ability to remember what is important and universal about service, both the giving and receiving of it, that has supported Publix for the past seventy-eight years, and will certainly support them in the future.

Unique Practices

There are many programs offered at Publix to support employees' growth and development, and to insure that Publix unique culture is maintained and strengthened.

Below, a variety of Publix' Best People Practices are high-lighted.

Green Routine






In 2001, Publix created its Get Into a Green RoutineSM program to promote efforts at recycling, energy conservation and environmental responsibility. The program began with education and an initial emphasis on energy conservation, and has been extended over time to include waste reduction, recycling, and the conservation of other water resources. Through the Green Routine program Publix has saved over 930 million kilowatt hours through various lighting, refrigeration and other conservation projects, as well as through associate education efforts aimed at getting employees to close doors, turn off lights and shut down equipment when not in use. All of these efforts have lead to a reduction of more than 500,000 tons of greenhouse gas (carbon dioxide) or enough kilowatt hours to power 64,500 homes for a year.

In January 2008, a Green Routine contest was established to determine which store could reduce its electricity usage the most compared with the same time period a year ago. The contest compared stores electricity usage during the two time periods, making adjustments for mechanical energy efficiency equipment and lighting retrofitting. Cardboard recycling was also included as one factor in determining the final winners. Three stores in each of four divisions were recognized as winners at a leadership conference held in May, 2008.

Publix Charities Matching Gift Program

Associates donations to accredited educational institutions (K-12) are matched dollar for dollar up to \$5000 for one year or \$10,000 over a two-year period, per associate. This program was established as a way of honoring George Jenkins, Publix founder. He did not receive a formal college education yet was seen as someone who always wanted to learn and teach. The matching occurs twice a year, with those gifts made from January to June matched in August, and gifts made from July through December matched in February. Full and part-time associates are eligible to participate in the matching gifts program, which is administered by Publix Super Market Charities, Inc.

Great Place to Work[®] Model[®]

Dimension	How it plays out in the workplace	
	Credibility <ul style="list-style-type: none"> • Communications are open and accessible • Competence in coordinating human and material resources • Integrity in carrying out vision with consistency 	T
	Respect <ul style="list-style-type: none"> • Supporting professional development and showing appreciation • Collaboration with employees on relevant decisions • Caring for employees as individuals with personal lives 	R
	Fairness <ul style="list-style-type: none"> • Equity–balanced treatment for all in terms of rewards • Impartiality–absence of favoritism in hiring and promotions • Justice–lack of discrimination and process for appeals 	U
	Pride <ul style="list-style-type: none"> • In personal job, individual contributions • In work produced by one's team or work group • In the organization's products and standing in the community 	S
	Camaraderie <ul style="list-style-type: none"> • Ability to be oneself • Socially friendly and welcoming atmosphere • Sense of "family" or "team" 	T

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Bonus Pay

Publix offers an extensive and unique set of Bonus Pay programs, including a Retail Bonus Plan, a Holiday Bonus Pay program, and additional pay for working on Sundays and Holidays, to all eligible full and part-time associates. The Retail Bonus Plan is a form of profit sharing offered to all retail associates. It is presented as one of the benefits of being an employee owned company, with the amount of bonus pay an associate earns through this program affected by the profitability of his/her retail store. The Holiday Bonus Pay program enables associates to accrue bonus pay that will be provided at the end of the year, assuming the associate has met the eligibility criteria. Accrual occurs on a monthly basis with clear guidelines available for helping associates understand how much they can earn and how their earnings will be calculated. Full-time hourly associates who work on Sundays and Publix-paid holidays earn an additional \$1.00 per hour for their work on those days.

Publix Health Benefits

Publix offers health insurance to full and part time associates through its Group Health Benefit Plans. What is particularly unique about this program is that part-time associates are eligible to participate once they have completed 1000 hours of work during their first year of employment. Publix has also emphasized an increased focus on preventive health care with their CareWise program (available to PPO plan members) which covers care management for associates with chronic health conditions, provides a free 24/7 nurse line, and in 2008 pays the full cost of doctor's office visits for preventive care.

Recognition and Service Awards

While Publix offers many ways for associates to be recognized for their commitment to service, one award stands out – the Mr. George Community Service Award. Every year, five associates are recognized for their community service achievements and commitment to community involvement. The winners of the award are recognized at the annual stockholder's meeting where they receive their personal award, which includes three days of paid time off. Associate winners and their spouses/guests are flown to Lakeland, Florida for the event and share dinner with Publix executives who acknowledge their contributions. Publix also makes a \$5,000 donation to the charity of choice for each award recipient.

Any Company Can Create a Great Workplace

Our Mission is to Help Them Do It



Great Place to Work® Institute, Inc. has conducted pioneering research on the characteristics of great workplaces for over 25 years. We believe all companies can become great places to work, and our mission is to help them succeed. Our Great Place to Work® Model® is recognized as the standard for assessing great workplaces. In 40 countries around the world, we are proud to:

- **Recognize the Best Companies** for their achievements through our international Best Companies lists. In the U.S., these lists include Fortune's 100 Best Companies to Work For®, as well as the "Best Small & Medium Companies to Work for in America" published in collaboration with SHRM.
- **Help companies create and sustain great workplace cultures** through our consulting services. Our data collection tools (employee survey, focus groups, 360° professional development tool) educational workshops and training programs, action planning system, and strategic advising services all support the transformation process within any organization. The Institute's unique access to Best Companies' data allows us to offer unparalleled benchmarking opportunities, best practice information, and transformation insight to our consulting clients.
- **Share resources, best practices, and Institute research** through our education services. These include peer networking groups, workshops, conferences, and publications which enable organization leaders to learn directly from each other, as well as benefit from our wealth of knowledge and lessons learned from the Best Companies and our clients.

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Additional Resources

- Join us for the 2009 Great Place to Work® Conference, May 6-9 in Miami Florida, to learn more about how to create great workplaces directly from Best Companies leaders. For more information, visit www.greatplacetowork-conference.com
- Nominate your company to be on Best Companies lists in North America, Europe, Latin America and Asia by visiting www.greatplacetowork.com/best/index.php
- Consulting Services: We believe passionately that any organization of any size or industry can become a great workplace. Great Place to Work® Institute, Inc. consulting services are based on 25 years of researching Best Companies, and our in-depth knowledge of how companies transform can help you achieve higher levels of productivity and profit. Through our assessment, action planning, and advisory services, we can help you to measure, benchmark, and positively impact employees' experiences of your organization.